

ORIGINAL

OPEN MEETING



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MEMORANDUM

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TO: THE COMMISSION

Arizona Corporation Commission 2015 AUG 25 A 9:30

DOCKETED

FROM: Utilities Division

AUG 25 2015

AZ CORP COMMISSION
DOCKET CONTROL

DATE: August 25, 2015

DOCKETED BY

TV

RE: IN THE MATTER OF THE APPLICATION OF MOHAVE ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF ITS ANNUAL NET METER TARIFF AVOIDED COST (DOCKET NO. E-01750A-15-0255)

Background

On July 9, 2015, Mohave Electric Cooperative, Inc. ("MEC") filed an application for approval to update the avoided cost that is contained in its Net Metering Service Tariff (Schedule NMS). MEC's Net Metering Service Tariff was originally approved by the Commission in Decision No. 71461 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 74693 (August 12, 2014).

Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by MEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kilowatt-hours ("kWh") generated during the billing period is used to reduce the kWh billed by MEC during subsequent billing periods.

For the last billing period of the calendar year (or for a customer's final bill upon discontinuance of service), MEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at MEC's annual average avoided cost, which is specified in the Net Metering Service Tariff. Arizona Administrative Code ("A.A.C.") R14-2-2302(1) defines avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

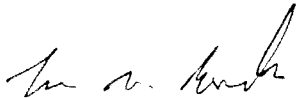
MEC's Net Metering Service Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by MEC's wholesale power suppliers during the 12-month period. MEC is required to file its updated avoided cost calculations with the Commission no later than July 15 of each year. This updated avoided cost, after approval by the Commission, would become effective on December 1.

MEC's current approved avoided cost rate is \$0.03245 per kWh. MEC proposes that the rate be decreased to \$0.02579 per kWh. Staff has reviewed MEC's purchased power costs that resulted in the \$0.02579 per kWh rate and confirms that the proposed rate reflects MEC's avoided cost.

Recommendations

Staff recommends that MEC's avoided cost be approved at \$0.02579 per kWh, effective December 1, 2015.

Staff further recommends that MEC be required to file, with Docket Control, a revised Net Metering Service Tariff (Schedule NMS) consistent with the Decision in this case within 15 days of the effective date of the Decision.



Thomas M. Broderick
Director
Utilities Division

TMB:JJP:nr\WVC

ORIGINATOR: Jeffrey Pasquinelli

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 SUSAN BITTER SMITH

 Chairman

3 BOB STUMP

 Commissioner

4 BOB BURNS

 Commissioner

5 DOUG LITTLE

 Commissioner

6 TOM FORESE

 Commissioner

7
8 IN THE MATTER OF THE APPLICATION)
 OF MOHAVE ELECTRIC COOPERATIVE,)
9 INC. FOR APPROVAL OF ITS ANNUAL)
10 NET METER TARIFF AVOIDED COST.)

DOCKET NO. E-01750A-15-0255

DECISION NO. _____

ORDER

11 Open Meeting
12 September 8 and 9, 2015
13 Phoenix, Arizona

14 BY THE COMMISSION:

15 FINDINGS OF FACT

16 1. Mohave Electric Cooperative, Inc. ("MEC") is certificated to provide electric service
17 as a public service corporation in the State of Arizona.

18 2. On July 9, 2015, MEC filed an application for approval to update the avoided cost that
19 is contained in its Net Metering Service Tariff (Schedule NMS).

20 3. MEC's Net Metering Service Tariff was originally approved by the Commission in
21 Decision No. 71461 (January 26, 2010) and most recently revised with updated avoided costs in
22 Decision No. 74693 (August 12, 2014).

23 4. Net Metering allows electric utility customers to be compensated for generating their
24 own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's
25 energy production exceeds the energy supplied by MEC during a billing period, the customer's bill for
26 subsequent billing periods is credited for the excess generation. That is, the excess kilowatt-hours
27 ("kWh") generated during the billing period is used to reduce the kWh billed by MEC during
28 subsequent billing periods.

 5. For the last billing period of the calendar year (or for a customer's final bill upon

1 discontinuance of service), MEC credits the customer for the balance of any remaining excess kWh.
2 The payment for the purchase of these excess kWh is at MEC's annual average avoided cost, which is
3 specified on the Net Metering Service Tariff. A.A.C. R14-2-2302(1) defines avoided cost as "the
4 incremental cost to an Electric Utility for electric energy or capacity or both which, but for the
5 purchase from the Net Metering facility, such utility would generate itself or purchase from another
6 source."

7 6. MEC's Net Metering Service Tariff provides for the annual average avoided cost to be
8 determined by the average wholesale fuel and energy cost per kWh charged by MEC's wholesale
9 power suppliers during the 12-month period. MEC is required to file its updated avoided cost
10 calculations with the Commission no later than July 15 of each year. This updated avoided cost, after
11 approval by the Commission, would become effective on December 1.

12 7. MEC's current approved avoided cost rate is \$0.03245 per kWh. MEC proposes that
13 the rate be decreased to \$0.02579 per kWh. Staff has reviewed MEC's purchased power costs that
14 resulted in the \$0.02579 per kWh rate and confirms that the proposed rate reflects MEC's avoided
15 cost.

16 Recommendations

17 8. Staff has recommended that MEC's avoided cost be approved at \$0.02579 per kWh,
18 effective December 1, 2015.

19 9. Staff has further recommended that MEC be required to file, with Docket Control, a
20 revised Net Metering Service Tariff (Schedule NMS) consistent with the Decision in this case within
21 15 days of the effective date of the Decision.

22 CONCLUSIONS OF LAW

23 1. Mohave Electric Cooperative, Inc. is an Arizona public service corporation within the
24 meaning of Article XV, Section 2, of the Arizona Constitution.

25 2. The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over the
26 subject matter of the application.

27 3. Approval of the updated Net Metering Service Schedule NMS does not constitute a
28 rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated July 29, 2015, concludes that the updated Net Metering Service Tariff (Schedule NMS) should be approved as discussed herein.

ORDER

IT IS THEREFORE ORDERED that Mohave Electric Cooperative, Inc.'s avoided cost is approved at \$0.02579 per kWh, effective December 1, 2015.

IT IS FURTHER ORDERED that Mohave Electric Cooperative, Inc. shall file, with Docket Control, a revised Net Metering Service tariff consistent with this Decision within 15 days of the effective date of the Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, Jodi Jerich Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2015.

Jodi Jerich
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TBM:JJP:nr\WVC

1 SERVICE LIST FOR: MOHAVE ELECTRIC COOPERATIVE, INC.
2 DOCKET NO. E-01750A-15-0255

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